



Determination of the Competition Authority

Determination No. M/04/063 of the Competition Authority, dated 3 December 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/063 – the proposal by Quantum Corporation to acquire Certance

Introduction

1. On 5 November 2004 the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Quantum Corporation (“Quantum”) would acquire Certance (“the proposed acquisition”). The proposed acquisition is global in nature and is also being notified to the relevant competition authorities in Brazil, Germany and the United States.

The Parties

2. Quantum, the acquirer, is active worldwide in the manufacture and supply of information technology (“IT”) storage products and services, which provide backup, recovery and archive solutions for information in electronic format. Quantum’s worldwide sales for the financial year ended 31 March 2004 were about \$808 million. Its total turnover in Ireland in 2003 was approximately \$[...]. Its storage device division sold approximately US\$[...] worth of tape drives [...] and its storage systems division sold approximately US\$[...] worth of tape autoloaders, tape libraries and disk-based back up systems [...]. A subsidiary located in Dundalk, Quantum Peripheral Products (Ireland) Limited, performs repair and logistical services for Quantum and its affiliates in Europe, the Middle East and Africa, and also provides customer support and telephone technical support services for Europe.
3. Certance, the target, is also active worldwide in the manufacture and supply of IT tape storage products and services. Certance has no physical presence in Ireland and has one Irish customer, Dell. For the financial year ended 2 July 2004, Certance had worldwide turnover of approximately US\$226 million and turnover in Ireland of US\$[...].

Analysis

4. The parties overlap horizontally in the sector for the manufacture and supply of IT tape storage products and services. The Authority considers the geographic scope of the sector to be international. The parties both have relatively high sales in the State. However, those sales are made to a very small number of major IT companies, who operate substantial IT facilities in the State for the manufacture of products that are mostly sold in overseas markets. The parties supply IT tape storage products and services in Ireland as part of international supply agreements. Therefore the relatively high value of such sales in the State is not indicative of the size of the Irish IT



Determination of the Competition Authority

tape storage sector. The parties estimate that Ireland accounts for 1.1-1.3% of the IT tape storage market within the European, Middle Eastern and African region. Hence the proposed acquisition does not raise any competition concerns, as the geographic scope of the IT storage products and services industry is international.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Quantum Corporation of Certance will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority